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ABSTRACT

This paper, the first in a series exploring future options for public policy in the communications and information arenas, argues that there is a continuing role for public policy in the electronic media marketplace. It contends that the role of television in our society is too important for it to be regarded as just another business, and the goals for public policy for television stand in urgent need of a comprehensive restatement in terms suited to modern conditions. It is recommended that these goals include: (1) universality of provision (citizens must not be deprived of an essential service due to their location or inability to pay); (2) meaningful choice (communication overload demands that viewers think critically about the programming they choose); (3) plurality/diversity of programming; (4) full and fair access to communication systems; (5) nurturance of impulses of producer creativity, originality, and innovation (profits must not be allowed to press creative efforts into narrow molds); (6) independence of program makers from government and/or advertiser interference; (7) support for communication beyond financial gain; and (8) respect for the audience. A policy rationale is presented that flows from these goals and includes decisions to be taken about the role of the commercial networks cable, public television, and the Federal Communications Commission, as well as a strategy for redressing imbalances across different types of programming. A list of the titles in this series is included. (4 references) (DB)

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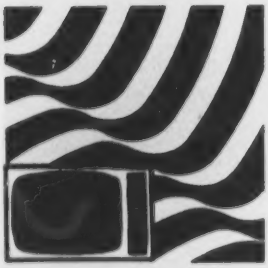

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Jay G. Blumler

Benton Foundation
Project on Communications &
Information Policy Options

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In early 1988, the Benton Foundation commissioned a series of eight papers to explore future options for public policy in the communications and information arenas. Written by recognized authorities in their respective fields, the papers identify critical issues and options confronting policymakers at the federal level.

Through the publication of this series, the foundation seeks to stimulate public awareness and discussion of the communications and information issues that will affect our society in the coming decade. Two broad themes are addressed in the papers: the role of policy in the rapidly changing mass media marketplace; and the ethical, constitutional, and regulatory challenges that arise from the increasing use of computers in our society.

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The Role of Public Policy in the New Television Marketplace

Jay G. Blumler

About the Author

Born and educated in this country, Jay G. Blumler has been Director of the Centre for Television Research, University of Leeds in England since 1963. For the last six years, he has also been Associate Director of the Center for Research in Public Communication, College of Journalism, University of Maryland. He has researched and written extensively in the fields of political communication, audience members' viewing motivations, comparative analysis of mass media systems, and public policy for television. He is President-elect of the International Communication Association, Co-editor of the *European Journal of Communication*, and a Specialist Advisor to the parliamentary Select Committee on Televising the Proceedings of the House of Commons.

Executive Summary

The debate over the appropriate role of public policy under conditions of channel abundance is not maturely developed. The main positions are, on the one hand, a relatively doctrinaire faith in deregulation and competition, and, on the other, a nostalgic belief in a "public interest" standard that no longer conveys meaning or relevance. On all sides, the debate seems to lack reference to evidence based on a hard look at trends surfacing in the modern video marketplace itself. This paper presents a summary of findings from one such study, gathered in an enquiry conducted by the author in 1986-88.

The research reveals both positive and negative trends. For viewers, choice has been extended in several senses—number of options, the availability of a wider range of program types, and a greater freedom to decide when to view what one is interested in. Much of this is due to the growth of cable television, whose leaders have subsidized "diversity" where necessary, and are making plans for further investment in programming. For program makers, the new marketplace has created more outlets for their creative ideas and less outside interference, although there are some strong countervailing tendencies in this regard. Also, for a variety of reasons, most producers still prefer to work for the major commercial broadcast networks.

Despite the improvements, however, there are also causes for concern. These include the danger of concentrating on producing only that which promises the greatest profit, thereby reducing the potential for diverse programming aimed at less than mass audiences; a preference on the part of programmers for entertainment programming instead of materials requiring active attention; the vulnerability of the creative impulse in highly competitive marketplace conditions; an erosion of programming standards; a weakening of national television as a force for social cohesion; and, finally, a risk that the many channels of access to the viewing public will be controlled by a small number of gatekeepers.

The paper argues that there is a continuing role for public policy in the electronic media marketplace. Television cannot be regarded as just another business. Its role in our society is too important. Moreover, there are many programming needs that the competitive marketplace will not meet. Relevant policy thinking must understand the tensions inherent in the modern video marketplace, and help to keep open as many diversifying and innovative doors as possible.

Above all, the goals for public policy for television stand in urgent need of a comprehensive restatement in terms suited to modern conditions. These goals should include:

1) Universality of provision.

2) Meaningful choice.

3) Plurality/diversity of programming.

4) Full and fair access.

5) Nurturance of impulses of producer creativity.

6) The independence and responsibility for content of program sources.

7) Supporting commitments to communication for purposes beyond financial gain.

8) Respect for the audience member.

The paper concludes with an outline of a broad policy rationale that flows from these goals, which includes decisions to be taken about the role of the three commercial networks; new frameworks for cable and public television policy; a strategy for redressing imbalances across different types of programming through ample public subsidies; and a continuing role for the FCC, whose structural and monitoring roles are described.

With the expansion of multi-channel television, the need for principled public policy does not disappear, but its role changes—from one of managing and regulating scarcity to one of protecting and promoting potentials for abundance, creativity, extended diversity and access, and service to a multitude of audiences with specialized interests.

The author wishes to thank those who took part in a policy conference that was held in October, 1988, sponsored by the University of Maryland College of Journalism with support from the Benton Foundation, for their advice and suggestions regarding the content of this paper.

INTRODUCTION

A "gale of creative destruction" has been unleashed on electronic media systems throughout the advanced industrial world. The institutional economist Joseph Schumpeter minted this metaphor in 1942 to refer to "a process of industrial mutation that incessantly revolutionizes the economic structure from within," when—

> ... competition from the new commodity, the new technology, the new source of supply, the new type of organization ... strikes not at the margins of the profits and the outputs of the existing firms but at their foundations and their very lives.

The resulting transformations, he advised, should be grasped as an organic process, taking account not only of the aggressive behavior of the new entrepreneurs but also of the efforts of the old concerns to turn a rout into an orderly retreat. It was also essential to understand the far-reaching influence of competition in such circumstances, which "acts not only when in being but also when it is merely an ever-present threat," disciplining before it attacks and explaining the adoption by firms of a host of protective and restrictive strategies.

STATE OF THE POLICY DEBATE

In many countries, such gale-force conditions are not only threatening the stakes of hitherto dominant television providers, but also taxing the ingenuity of broadcasting policymakers. Although a potent mix of technological, financial, competitive, and viewing trends has been transforming the American video marketplace for some years, the debate over its policy implications is not yet maturely developed or joined.

The signs of such limited development are numerous. Policy debate often gravitates to means and technicalities rather than ends and goals, heavily preoccupied with the economic, legal, and institutional problems of managing the transition to the next stage of the communications future (e.g., over high-definition television and fiber-optic cable). There is much emphasis on specific policy details (e.g., over must-carry, syndicated exclusivity, compulsory copyright, etc.), without an anchorage in some broader perspective on what is happening in the video marketplace and suitable principles for its governance.

At times, the debate nearly drowns in the pleading clamor of special interest voices. Policymakers often find themselves refereeing between conflicting intra- and inter-industrial interests (as over setting standards for high-definition television) with little clear guidance from public interest criteria. There has even been a troubling reliance on organized interests to solve policy problems through deals they can all live with, relieving Congress and federal agencies of the political heat of making difficult decisions, while ignoring possible divergences between what is acceptable to a coalition of the most powerful interests and what would best serve the public. Sometimes the debate is further deflected by the intrusion of econometric models of programmers' offerings and viewers' choices under alternative scheduling conditions—with little evidence to show that the engines of real-world, multi-channel television are actually fired by them.

Amidst all this, two general positions are often pitted against each other. One offers a doctrine-based celebration of competitive, deregulated, multi-channel television. This position supposes that a diversity of offerings, rich choice for viewers, and broad opportunities for creative program makers are more or less guaranteed in conditions of channel abundance and undistorted competition. It pushes notions of a public interest in television toward a vacuous decline, on the ground that, when broadcasters are transformed from public trustees to marketplace competitors, "the public's interest defines the public interest" (as former FCC Chairman Mark Fowler and his then assistant, Daniel Brenner, put it in an influential essay in 1982). It presumes that channel abundance has already fulfilled much of its promise of enriched choice, as when the present

Chairman of the FCC recently applauded cable's "phenomenally positive contribution to the public in general by delivering a great deal of additional diversity."

Despite its air of world-winning confidence, the intellectual foundations of this position are less solid than its supporters presume. Its main shortcomings include:

1. Doctrinaire one-sidedness. All consequences of increased competition in the television marketplace are said to be beneficial. Silence smothers any "downsides" that might flow from the introduction and intensification of competition. Disinclined to seek out dangers or disadvantages, it is hamstrung at source for ways of coping with any that might emerge.

2. Unsophisticated industry analysis. The new television channels are presumed mainly to be supplementing the mainstream mass appeal programming that the networks have always provided with more targeted, specialized, minority appeal programs. Consequently, little attention is paid to the dynamics of interaction between the two spheres and to how the "old" may be changing in response to the "new " or how the "new" might even become tarred with some of the brushes of the "old."

3. Reliance mainly on the increased number of television channels and services to support the claim that diversity has been enhanced. Little attention is paid to content diversity, whether any important voices and program types are excluded, and, more fundamentally, what kind of diversity we should *expect* from an abundant television system.

4. By continually evacuating the "public interest" of substantive meaning, a lack of criteria for evaluating the outcomes of competition and deregulation (other than those of economic logic and audience ratings). This verges on abdication of policy responsibility.

5. An arbitrarily confined vision of the purposes of communication organization. Pride of paramount place is given to the personal and immediate gratifications of individual audience members. Ignored as if irrelevant, then, is the impact of television on a host of societal goods: the realization of democracy through channels of discourse and choice, leadership, and accountability; the vitality of our culture; the quality of our leisure; how social institutions (business, the military, education, labor, religion, science) and groups built around causes and shared interests (including little-known ones) are interpreted to each other; informal processes of socialization and education; and access for those with something to say to those who might wish to hear it.

An influential variant of this position should be mentioned at this point. This welcomes deregulation, channel expansion, and increased competition less out of faith in market forces and more from adherence to First Amendment principles. It holds that all forms and sources of communication should be "free" and that every opportunity should be seized to reduce and jettison television regulation by government—which is regarded as an inherently oppressive force. It follows that such regulation should be phased out as channel scarcity eases.

The appeal of this stance can be sustained, however, only by ignoring the shakiness of some of its underlying presuppositions:

1. Equation of a marketplace of ideas with the free workings of an economic market. Yet, conformist pressures in the latter may inhibit rather than enhance the airing of opinions that should be available in the former.

2. Equation of the right to free expression of *individuals* with full freedom of operation for large and powerful mass media *institutions*. This can result in such absurdities as support on First Amendment grounds for the right of a cable operator to *close down* a public access channel.

3. Equation of public policy for television with prohibitive and suppressive regulatory measures. This ignores the option of designing an enabling and liberating policy framework to serve as an agent of pluralistic values: multiplicity of audiences served and audience images entertained; diversity of offerings in the schedules from which viewers can choose; and pluralism in the kinds of creative opportunities available to program makers to do and say different things.

It would be difficult to claim, however, that the opposing outlook has yet evolved into a coherently formed general position. Although pressures are often exerted on behalf of important specific concerns, these do not add up yet to an elaborated alternative to the deregulatory perspective. Much from this quarter strikes a defensive posture: showing skepticism about the alleged benefits of deregulation; voicing fears about what could happen if it were allowed to proceed unchecked; questioning the *bona fides* of dominant television providers (reflecting concerns over network mergers, commitments to public affairs programming, and the influence of cable operators on program services); and struggling to restore parts of the old regulatory framework (such as the Fairness Doctrine, controls over children's television, anti-trafficking rules for resales of broadcast stations, and must-carry requirements on cable operators).

If a unifying concept underlies these anti-deregulatory tendencies, it is the idea that broadcasters and other television providers should be held to "public interest" standards. Yet it is not easy to see exactly what flesh can be laid onto its increasingly bare bones, or even what the "public interest" is intended to mean nowadays other than the restoration of some of the meanings that it used to have. Thus, in place of the dominant camp's celebration of the new, the opposition mainly offers nostalgia for the old.

On all sides, the debate seems to lack impetus and evidence from a hard look at imperatives operating in the new video marketplace itself. What prime forces are driving it? How are they shaping the offerings of program providers and consequently the range and

quality of what viewers can choose to watch? What, if anything, is being short-changed? What goals and directions are implied for policymakers?

The next two sections of this essay summarize the findings of one such enquiry recently completed by the author and Carolyn Martin Spicer of the University of Southern California's Annenberg School of Communications. Supported by a grant from the John and Mary R. Markle Foundation, its central question was: How is the commercialized expansion of multi-channel television affecting the conditions under which program making takes place in the United States? Its point of departure was an awareness that the marketplace for the commissioning and supply of programming, once dominated by the three networks, has expanded and become more variegated in response to the programming needs of numerous cable channels, independent stations, and production for first-run syndication and home video. The study was largely based upon interviews with 150 strategically placed informants (including many producers, writers, and directors), able to talk knowledgeably and insightfully about the forces reshaping this marketplace. Their comments helped to identify the implications for program makers of the multiplicity of places to which their ideas and projects can be taken. Following presentation of the results, the paper addresses the question: What roles might public policy constructively play in the new television marketplace?

IMPERATIVES OF THE NEW TELEVISION MARKETPLACE

Trends in the modern video marketplace are extraordinarily complex and fluid, a veritable sea of cross-currents. We attempt to capture those that may be most policy relevant by presenting the enquiry evidence from several perspectives. In this section, we single out those developments that seem to be structuring the provision and reception of multi-channel television in formative ways. In the following section, a more evaluative accounting is drawn up, noting both certain advances over the conditions that prevailed when American television was practically coterminous with network television, and certain features of the emergent television system that could give cause for policy concern.

What, then, is happening in American television today? Our answers are presented below in a series of summary propositions that, when taken together, provide a framework for evaluation of the current video landscape.

Industry Trends

In recent years American television has expanded rapidly and greatly in respect of channels, services, and other facilitators of viewing choice. In these terms, it is more advanced and abundant than any other broadcasting system in the world. For example, over half of American households subscribe to cable television at present, and the bulk of them (four-fifths) can tune in to 30 or more channels. Due largely to the growth of "independent" broadcasting stations (ones not affiliated with ABC, CBS, and NBC)—from 60 to 320 over the last decade—video abundance has even reached non-cabled viewers, half of whom can receive 11 or more channels. Moreover, three-fifths of American households have two or more television sets, two-thirds have remote control switches, and three-fifths own VCRs.

The cable industry is in a very strong position at present, but has reached a crucial turning point in its development. Funds that were previously plowed back into system building are now coming available for other uses. Since little further growth can come from wiring uncabled areas (82% of the country is already covered), cablers must turn to increased spending on programming (original, acquired, or "siphoned" from what used to go to the networks) to attract more customers to existing systems (on average, 55% of available households subscribe) and to induce them to watch the cable program services more often.

The industry's leaders are divided, however, over how to spend the extra program money most advantageously. Should it be used chiefly to strengthen the more specialist niche channels or those that provide mass appeal entertainment? The argument for the former is that it would capitalize on cable's distinctive multi-channel potential. More commercially minded operators prefer the latter strategy, however, on the ground that high-profile programming stands a

better chance of attracting more viewing of cable services and that more such viewing would convert into higher earnings for all concerned.

The commercial networks are in a difficult position, operating in a transformed environment to which they cannot readily adapt. Some of the most critical effects of the emergence of the new television marketplace have been on their fortunes, standing, and prospects.

In two crucial respects the networks' problems appear to be structural. First, with so many alternative channels available, even in non-cabled homes, they have lost control over audience viewing routines. Their combined audience share is steadily declining—having fallen in prime time, for example, from 88% in 1979 to 72% in 1987—and shows no sign of levelling off. People can increasingly treat television like a big cafeteria, deciding what to watch by the program, not the channel. Second, ABC, CBS, and NBC are surrounded by rivals with deep pockets who are unwilling to confine themselves to programming for specialist tastes, leaving the networks in command of most mass appeal programming. Aspirants aiming to break into the network-dominated "big league" include Fox Broadcasting, with its attempt to create a "fourth network" from a chain of independent stations covering 80% of the country; TNT, the Turner organization's premiere mass appeal channel, which was launched with cable operator backing in October, 1988; and the (studio-backed) USA Network.

Meanwhile, the broadcast networks have fewer financial resources to beat back such competition with blockbusters. Few of their modest attempts to woo the audience in 1987 with more innovative programming reached their ratings targets. They cannot easily halt the greater than average drain of viewers to cable and independent stations in off-season months, since their financial position is predicated on scheduling reruns and less expensive programs at that time. Although much thought has been devoted to ways of changing the financial terms of their relations to their local station affiliates, this could jeopardize their most unique asset—the ability through their affiliate chains to offer advertisers a nationwide audience delivery service.

It is true that the networks still have huge resources, that they remain uppermost in the minds of many viewers and program makers (seeking the largest possible audiences for their wares), and that other markets (e.g., cable and syndication) rely considerably on what they initially commission and show. But they are also laden with commitments and expectations that their more flexible rivals lack, and, through the Financial Interest and Syndication Rules, they are legally barred from earning income from the sale of their strongest programs in other markets.

Audience Trends

Despite the increased number of viewing options, the amount of time that people spend with television is not very elastic. It is true that throughout the post-war period there has been a gently sloping upward increase from one year to the next in the amount of time that the average American has devoted to viewing, some of it probably attributable to the explosion of channel availability from the 1970s. Since about 1983, however, the curve of growth in the average amount of time spent watching television has flattened out. And with viewing time no longer an elastic commodity, competition for audience attention has become correspondingly keener. The audience that one programmer attracts will typically be gained at the expense of some other provider. The chase for audiences is now almost a zero-sum game.

A new audience structure is emerging but is still in flux and does not conform to any neat pattern. As noted above, the old tripartite division of the mass audience among the three networks no longer applies to the same extent. Although the television audience is fragmenting, it is not yet dispersed in the sense of being parcelled out in numerous evenly sized packets. Neither is there much sign of firm segmentation, with distinct types of viewers choosing programs according to strongly defined boundaries of background and taste. Instead, we seem to have patterns of what might be termed (a) chunking and (b) stratification in tiers. Thus, the commercial networks still attract

substantially larger audiences than does any other single competitor. At the next stratum, there are certain major independent stations in large markets (like Los Angeles and New York City) that at times compete for audiences on something like network affiliate terms. Below them are public television and the recently formed Fox Network, whose programs on Saturday and Sunday evenings have recorded ratings in the 2-10 range. Finally, there is a still lower tier consisting of a large number of individual cable channels, which commonly register average ratings of 3s, 2s and 1s, though on occasion they have also reached higher levels (e.g., exceeding 10 for NFL football on ESPN last year).

Thus, we cannot discount the likelihood of a general weakening of viewing loyalties and habits that once supported network programming, particularly when a highly popular series was scheduled early in the evening with prospects of its halo benefiting the succeeding offerings. People are now accustomed to ranging more widely among the more numerous channels in order to find something they would like to see at a given moment, and many younger viewers have grown up doing so. In addition, young and old alike are increasingly taking control of their sets by renting and purchasing videocassettes to be watched at their convenience. Consequently, the audience of the future may be even less predictable than before and less automatically receptive to network programming.

All this—channel proliferation, the greater ease of switching with remote control devices, and audience fragmentation—has bred an image of what may be termed "the capricious audience member." This is someone who has grown up with multi-channel television, become accustomed to its style, and who enjoys riffling through its many offerings. As a network executive has put it, "The audiences, because of all the alternatives that are available to them, keep looking around, bouncing around, and hitting those buttons." According to a media analyst, such a "bounty of buttons dovetails nicely with the ever-shortening attention span of viewers," explaining "television's current emphasis on rapid-fire pace—news updates, sports breaks, rock video clips, and a growing number of 15-second commercials."

It should be stressed that this is an influential *image* of the typical audience member and not necessarily an accurate account of how often he/she actually reacts in this way to extended choice. Favored by it, however, are programming strategies of immediate attention gaining and qualities of pace, impact, brevity, the arresting, and the dramatic; out of line is anything that needs gradually to establish itself or requires thought and reflection to absorb.

Economics of Program Production

Television revenues have been more elastic than has audience viewing time, partly because advertisers have been willing to pay more for commercial time and partly due to the introduction of new income sources, such as subscriber payments for cable and videocassette rentals and sales. The extra funds have been unevenly distributed across the main television providers, however, among whom the networks have benefited least (with virtually negligible net advertising income gains in real dollar terms in recent years). Of course, most cable subscriber payments have flowed to the cable system operators (not the individual program services) in the first instance, giving them a crucial leverage over how they are spent. And although the basic cable program services charge per-subscriber fees to the systems that show them, most depend appreciably on advertising support as well (amounting in many cases to a half or even three-fourths of their income).

Production costs have also been rising, and this, combined with fragmentation of audiences, has made conditions economically more difficult for all concerned. In *real* dollar terms, for example, the average production cost of a prime-time hour was $350,000 in 1977 compared with $410,000 in 1985. The real costs of made-for-TV movies have increased particularly dramatically—from an average of $670,000 per film in 1980 to $1,360,000 in 1987. Sitcoms and dramatic hours have also experienced significant if lower rates of cost inflation. Although many factors may be responsible for these increases, they almost certainly have been exacerbated by new marketplace conditions—with more seekers after programming bidding up the prices of highly valued talent (performers, producers, writers, directors)

and other resources. Moreover, to the extent that big spending is still seen as a gateway to big audiences, the fragmented marketplace makes it more difficult for those who invest in programming to be confident that their contributions will be recovered. Intensified economy drives have resulted among all major television providers.

The role of advertising in American television seems to be growing. With the rise of cable and VCRs, this declined for a time. From 1977 to 1987, for example, the ratio of advertising support to direct viewer payments (cable subscriptions and videocassette rentals and sales) fell from 87:13 to 57:43. Today, however, one sees:

- More aggressive advertising drives by cable services as agencies aim to reach more defined target audiences and to compensate for falling network exposures.

- Reawakened interest in sponsored programming on the broadcast networks, helping advertisers' messages to stand out above the marketplace clutter and relieving the networks of responsibility for the program costs concerned.

- Growing advertising involvement in videocassettes for sale, including both outstanding feature films and special interest productions, supporting enhanced promotion and marketing drives, and offering price discounts to consumers.

- More product tie-ins, appearances within programs, and joint promotional efforts (e.g., linking stars and products).

- An increasing readiness proactively to tailor programming to would-be sponsors' needs in advance and to weaken controls over the amount of advertising time and the separation of commercials from program content.

Marketplace Trends

The nature of the competition in which all leading television "players" are engaged has been transformed by many developments. Taken together, these developments have led to intensified uncertainty, a subordination of creative considerations to market logics, and concerns among organizations to safeguard their future as well as navigate the present. Some key elements in this turbulent process include:

- The prospect of increased competition across, as well as within, different delivery systems, as broadcast, cable, DBS, VCRs, and telephone all vie for acceptance in American homes, some striving to exploit technological advances that might be unevenly available (such as high-definition television and fiber-optic cable).

- The increased unpredictability of audience responses to individual program offerings, due to the growing number of competitors and outlets to which viewers can turn. This encourages much frantic tinkering with programmers' initial ideas to make them conform to hunches about what might swing with the audience; a heavy reliance on prior testing of pilot versions with sample audiences (with in-built biases to the familiar and the immediately appealing); and preferences for concepts reminiscent of past program successes.

- Injection of a titanic, king of the hill-like, element into the competition, as significant new players aspire to knock the networks off their perches.

- Introduction of a cliff-hanging edge to the competition, given the inelasticity of consumers' overall viewing time. Consequently, any player's future breakthrough must seriously imperil the position of others. Who will suffer, for example, if pay-per-view expands, as some have predicted, from a $100 million to a $6 billion business in the 1990s?

- Competitive scheduling has become more intricate, having to take account of what so many rivals are likely to place before the audience. In the syndication market especially, the decisions of many individual stations about what programs to buy and when to schedule them are often strongly influenced by elaborate statistical calculations and professional advice from "rep" firms (which help to sell their spot advertising time) and station group officials. These tend to entrench rules of conventional wisdom about the conditions of market success, how best to schedule, and what appeals to audiences.

- Intensification of the competition in certain time periods when large audiences can be attracted to syndicated programming (4-8 p.m. and particularly in prime-time access). Many strive but few manage to break into these highly valuable periods, and normally only large concerns can afford to compete.

- Shows combining economy of production with strong popular appeal are favored. If costs are not excessive, losses on failed ventures will not be crippling. Hence, the prevalence in first-run syndication of talk shows, game shows, and a host of so-called "reality" shows. An implication (as an experienced informant told us) is that, "It becomes less enticing economically for the producer to think in terms of doing *Rebecca of Sunnybrook Farm* and *Lassie*... programs that require wonderful scripting, fine acting, good direction, time in production ... for these time periods."

- As the marketplace fills with more outlets and more entrepreneurs seeking audiences, a higher premium is put on program promotion. It then becomes more vital for programming to have promotable qualities. This favors programs based on a simple idea, able to be described in something like a sentence; dramatic hooks; exciting action, confrontation, horror; something sensational; and generally whatever is already familiar to the audience, such as big-name stars.

There are strong pressures to tailor programming for acceptability in multiple markets, both domestic (network, cable, syndication) and foreign. This is because, as average audience and revenue levels fall, it is far less likely that a show's appearance in a single outlet of the splintered marketplace will suffice to cover costs and expected profits. As a producer-writer put it from his standpoint:

> The business has become more and more difficult with every year I've been in it. The marketplace is fragmented, network shares are being cut into by cable. On the one hand, there are more potential outlets for a supplier to sell his wares to, but on the other hand, all of these outlets seem to have less money and the cost of production has not gone down.

It is as if the Humpty-Dumpty of big returns on big investments somehow has to be reconstructed. Often, this can only be done if programs "travel sequentially" (as another producer put it). Of course, this favors programs that are more readily syndicatable, especially entertainment shows; others have to make do with proportionately fewer resources or not even get made. It also eats away at market distinctness, as programs intended for initial sale in one (say, cable) are made with an eye to their appeal in others (say, syndication).

Uncertainty-riven competition for shares of a fragmenting audience with many viewing options encourages market domination by larger and vertically integrated organizations. Strategic imperatives responsible for this trend include:

- The need to spread risk (for many programs will not succeed in the market), cover losses, and bear deficits before programs finally pay their way.

- The need to aggregate resources for large-scale production and related activity, including research, development, marketing, promotion, and sales.

- The need to operate effectively in a multi-market, domestic-global programming economy.

- A need to bring scarce, highly valued, and highly costly top talent (actors, producers, writers, directors) under one's organizational umbrella.

- Incentives to diversify, so that if certain outlets and programs disappoint, others can make up for it.

- In the case of production companies, a need to control distribution outlets in order to guarantee at least a minimal take-up of their wares.

- In the case of distributors, a need to invest in program suppliers so as more effectively to control their competitive offerings, including what they cost.

- The greater difficulty smaller companies have in raising capital in these circumstances.

All sections of the industry—cable, syndication, networks, station groups, video and production companies—exhibit such tendencies.

BALANCE SHEET

Accenting the Positive

There is much to welcome about the striking expansion of American television in recent years. For the viewer, there has been an extension of choice in several senses. Quantitatively, the number of viewing options has increased dramatically. Qualitatively, cable subscribers can watch many programs not previously available—e.g., 24-hour news, gavel-to-gavel congressional coverage, nature documentaries, all-day sports, premium movies, and round-the-

clock culture as well as rock round-the-clock! The tyranny of scheduling uniformity across channels has been weakened if not smashed, notably by cable, but also by the counter-programming strategies of the independent stations. The new technologies allow viewers to decide what to view *when*. There is also the choice between watching a scheduled offering or selecting one of the many videocassettes available for rental and sale. As a media economist we interviewed summed up:

> I'm a little short with those who say all cable has done is give us all that we were seeing before. They are wrong for two reasons. One, it's not so bad that people are getting more of what they wanted.... And two, they are getting a lot of things that are different and new. Any fair critic of the system has to accept the fact that the range and variety of things that are available now, at least to cable viewers, are substantially greater than what were available on the networks during the period from 1948 to 1980.

There is much justification for this emphasis on the positive contributions of cable television. It is to the credit of the industry's leaders that they recognized, during cable's period of rapid growth, that its appeal depended on the claim to offer a sort of "diversity." Consequently, they subsidized and supported certain services without prospect of direct or early reward—as with C-SPAN, The Discovery Channel, and Black Entertainment Television. Cable has also given a fresh lease on life to certain programming areas, for which the networks had catered in highly standardized ways. Examples include sports (with coverage of a wider range of games and events); children's programming (where animation no longer monopolizes provision); and politics on CNN and C-SPAN (where the greater amount of time available allows extended coverage of major events, sustained interviews and call-in programs, and longer extracts from newsmakers' speeches and conferences). Interesting new services continue to evolve as well—as with Cablevision's pioneering 24-hour regional news channel for Long Island, which might be emulated elsewhere should it pass the acid test of paying its way.

Moreover, cablers' plans for future investment in programming are expansive—with some estimates forecasting a tripling of such expenditure by the early 1990s (though not all of this would be spent on original programs). Hitherto, fragmentation of resources, plus the acres of time to be filled in each network's schedule, meant that sizeable budgets could be afforded only by HBO and, for certain ventures, by Showtime. In the future, it can be expected that several other cable services will join the ranks of the bigger program spenders, notably TNT, USA Network, and The Disney Channel.

Thus, program makers are also benefiting from the expanded marketplace. It is a boon that their ideas can now be taken to more than three commissioning sources (they have "more than three wishes," as one of our interviewees poetically put it). Excitement and creative challenge have been associated with chances to respond to the needs of new channels, devising formats, styles of address, and programming approaches for types of audiences that did not even previously exist as such. A weakening of taboos (on language and situations) and certain conventional rules of production wisdom (e.g., over the use of laugh tracks on sitcoms) has also extended creative options.

Technological developments (video disks, high-definition television) enable venturesome program makers to strive for new qualities—interactivity and enhanced production values, for example. Production for home video allows the program maker to respond to viewers more directly, unmediated by constraints of calculated scheduling—something that matters particularly in the admittedly still modest sphere of special interest video, where new bonds can be forged with targeted and more involved viewers.

Moreover, with more channels to choose from and more viewers likely to be more selectively active and "choosey" when deciding what to watch, program providers are under pressure to work harder at being distinctive and at making their offerings attention worthy. A few outstanding innovative programs that the networks would have turned down in the old days (actually did so in certain

cases) have stemmed from this source—such as *Brothers, Duet, D.C. Follies, It's Garry Shandling's Show, Paper Chase, Max Headroom, The History of the White People in America*, and others.

Some program makers have also enjoyed greater freedom to follow their own creative stars due to relaxation of the formerly comprehensive powers of the networks' Standards and Practices Divisions to intervene in scripting and filming (though the overall outcome on this matter is mixed, since some of the newer services are asserting production controls more often, as they mature and become more precisely aware of their audience-attracting needs).

Perhaps two positive consequences overall could be ascribed to the impact of multi-channel television on program making. First, the expansion and differentiation of markets has created opportunities for more creative personnel to find work in some line of television production, particularly for cable and special interest videos (though openings for newcomers on mass entertainment programming are still few and far between). Second, many of the new opportunities and challenges could be regarded as having helped to revitalize an industry that risked getting set in its production ways. To some extent, abundance has been a mother of invention.

However, two qualifications on this brighter side of the balance sheet should also be borne in mind. First, realization of the creative possibilities of multi-channel television requires a readiness to take risks that is often suppressed by heightened uncertainty about likely audience responses in more competitive marketplace conditions. Second, much of the system's innovative potential seems to be bound up with the fate of specialist programming for smaller targeted audiences. Yet, after everything had been said by our interviewed producers, directors, and writers about the attractions of working for the new services, almost all, when asked to what outlet they would most prefer to take their *next* ideas, unhesitatingly mentioned the major broadcast networks.

Why was this? With the networks, the audiences are larger, reputations are made ("It's good for your career"), the resources

enabling you to translate your concept into a good program are most likely to be on tap, and they offer the best gateway to lucrative ancillary markets. This suggests that in the American television industry, despite the recent problems of the networks and the impressive rise of cable, much of the incentive structure is still skewed toward scale and grandeur of effort, a longer mass audience reach, bigger monetary rewards and prospects (through back-end earnings), and network-based credits and prestige.

Causes for Concern

Thus, the doctrinaire celebration of more competitive and less regulated television ignores certain contrary processes that have been unleashed alongside the benefits. These are so inherent in the dynamics of keenly competitive multi-channel television as to require continuing scrutiny and a will to take corrective policy action when necessary. Nine such causes for concern have emerged from the results of our enquiry.

1. *Crass commercialism*, or the danger of concentration on producing only that which promises the greatest profit. Of course, American television has always been a business and from the outset was highly "crass" at times. Yet, there were also opportunities to strive for other qualities in both factual and fictional television. Network news and documentaries aspired to a responsible journalism that would tell people what they needed to know, not merely what would shock, titillate, and hold attention. Similarly, an influential strand in Hollywood production for the networks was that of including treatments of controversial themes and social problems in entertainment programming, particularly in "movies of the week." The motives for this varied, with some producers seeing it as a way to keep viewers abreast of current issues, some as a stimulus to concern, some as a chance to insert prosocial messages into popular programs. Nowadays, however, one hears less about such concerns, which could pale and recede as the scramble for multi-market audiences becomes yet more hectic and dominant. In the sphere of broadcast programming for children, such "crassness" is remarkably blatant. It is as if programs may now be crafted for no other reason and with no other qualities than those of commercials.

2. *Too few oases in the enlarged desert.* In the old days, one would often say, "There is nothing on television tonight." With 30 or more channels available, one should never be able to say that; yet all too often one can still do so. This suggests that the new marketplace is falling short on its potential regularly to deliver good quality television to the viewer. Support for this proposition appears in a recent survey conducted by *Channels* magazine, in which the most frequently mentioned reason given for "grazing" (or rapid-fire switching from one channel to another) was that the viewer had become "bored" with the program being watched. Thus, unsatisfactory programming could be thought to prompt "grazing," to which two quite different kinds of scheduling strategy might seem suited. One would look for shows inducing a deeper viewer involvement, for example, through empathetic relations with characters and situations. The other would look for gripping sensationalism—14 car chases per reel, jeopardy in every scene, Morton Downey's pit-bull fights, and "I was impregnated by an alien from outer space" in so-called reality shows. It is sobering to realize that many of the more newly arrived producers in the new marketplace seem to have opted decisively for the latter route.

3. *Pressures reducing the potential of multi-channel television to deliver diversity.* Most analyses of mass media systems, based on their drives for large heterogeneous audiences, highlight their conformist predilections. Such systems tend to limit the presentation of what is too controversial, too demanding, or too disturbing. They tend to reduce expression to lowest common denominator appeals. They consequently shut out a wide range of comment, opinion, and creativity. From this standpoint, it is fair to expect multi-channel television to be liberating, relaxing such constraints and broadening out the channels of artistic and social expression. It is therefore also fair to regard any forces that accommodate the new services back to what was standard and customary in old-style, mass appeal television as causes for concern.

Signs of such assimilationist forces do seem to be surfacing in cable television at present. Certain channels (e.g., USA Network and Lifetime) are buying and heavily promoting off-network series,

banking on their familiarity to viewers and their proven audience-pulling power. Other channels (such as Nickelodeon and Showtime) have demonstrated that big extra revenues can be earned through sales of their products in syndication and are tailoring some of their future projects to that end. Still others (TNT is a case in point) are setting out to compete with the networks on their own mass entertainment turf. The country's largest multi-system cable operator has recently declared that the next phase in the industry's financial growth is the attraction of more advertising support and has floated the possibility of offering subscribers a smaller number of channels, so as to counter audience fragmentation and increase cable's appeal to advertisers (who need to aggregate exposure to their messages).

Conformist pressures are also noticeable in the production system, where the intensity of the competition, allied to uncertainty about what the audience will accept, drives commissioners of programming to the tried and true, the already proven, and the safely formulaic. One can see this at the level of "who" in reliance on stars; the forging of tied contracts with eminent producers (Spelling, Bochco); the creation of new production companies headed by industry luminaries (Grant Tinker, Bud Grant); and Fox Broadcasting's strategy for building its fourth network on programs supplied by prominent members of the Hollywood establishment. It can also be seen at the level of "what" in the many new versions of old network successes that are in the production pipeline, even for the new markets. One independent producer's label for this tendency was quite revealing:

> That's another thing that I personally hate, and that's the regurgitation of television. The reason is that in syndication you're always looking for something extra to give you an edge. If you bring them a show idea, the distributors want to know (a) what's the ratings history? Well, if it's a brand new show, there's no ratings history. And (b) who's starring in it? Okay, usually you can't afford to get Burt Reynolds or somebody like that, but if you get somebody that's not such a big star, there's a problem. So what's happened is that the

> studios who have these extensive libraries have been redoing old shows.

There followed a stream of examples—*Star Trek, Charlie's Angels, The Munsters, The Monkees, Gidget, Family Feud*—after which he concluded:

> It's bad for TV and it's bad for us as producers, because it takes away slots for new programming, for original programming which is what we pride ourselves on. The creative community, so to speak, is rewriting somebody else's scripts and it's devastating. We're turning the creative community into a bunch of androids.

In addition to "regurgitated TV," he might also have mentioned many examples of "Methuselah TV" (commissioning more episodes for a new market of a show that has had a limited network run) and "resurrection TV" (fresh chances for programs that could not make it on network television). As another producer concluded:

> I haven't seen any market that is more open to fresh ideas than not. Maybe I'm cynical, but I haven't specifically seen it.

4. *A privileging of entertainment programming and related production values, with a corresponding tendency to exclude or limit expenditure on other program types and qualities or to oblige them to conform to entertainment criteria.* Many influences give entertainment programming a favored place in the new television marketplace:

- It is more readily syndicatable.
- It fits a dominant image of how Americans mainly use their television sets—to kill time and for escape.

- In a highly competitive multi-channel set-up, materials that require viewers to "work" and make an effort can seem less attractive than what offers chances to "play."

- Entertainment programs are normally more readily promotable.

- Other things being equal, distributors naturally want programs that stand a chance of appealing to more people rather than fewer, usually giving entertainment the nod in their minds.

- Many in the industry continue to be strongly motivated to score "hits." Such motivation is sustained by: the drive to distribute programming over multiple markets, since a "hit" in one stands a greater chance of being accepted in others; the ability of "hits" to serve as a subsidy for the producer, affording more leeway to run risks and incur losses on other projects; the increased power, leverage, and credibility that makers of "hits" enjoy.

Less favored, then, are:

- Materials requiring active and not passive attention, like documentaries, other exercises in serious journalism, and educative fare intended to inform, stimulate, and broaden the horizons of children.

- Critical and controversial programs covering everything from the appraisal of commercial products, to ideology, philosophy, and religion.

- Anything that seems preachy, pedantic, or measured in pace.

- High-quality productions on the arts in the broadest sense, including not only high culture but also the middle reaches of science, art, and music, as well as original drama.

- Critical examinations of the role of television and other mass media in society.

5. *The vulnerability of the creative impulse to marketplace pressures.* That impulse is genuine and springs from many roots:

- Love of involvement, including a need to feel strongly about a project in order to be able to do it well.
- Personal pride and concern for one's reputation with creative peers.
- Enjoyment when one's talents are challenged and stretched.
- Concern for the integrity of one's personal contributions to the collaborative enterprise of program making.
- The satisfactions involved in realizing a creative vision.
- The fun of bringing disparate elements together in the production process.
- Making a difference to large numbers of viewers.

Such aspirations are liable to be ground down in highly competitive conditions, however, by: rationalistic/calculative approaches to program planning and production; the frantic search for audience-maximizing formulae; demands of the "great maw" of multichannel television's numerous outlets, over-stretching both resources and inspiration; the difficulty of "knowing" one's audience, except through stereotypical images, when programming is destined for acceptance in multiple markets; factory systems of production (we were privy in our enquiry to several horrendous examples of treadmill-like schedules, including a team that had made 45 reality-based shows in 2-1/2 months!); and executive interference with programming decisions in the uncertain pursuit of higher ratings.

6. *Increasing difficulties for certain carriers of the creative impulse—independent producers.* In part, these arise from the increasing domination of large, vertically or horizontally integrated organizations, reducing independents' access to market opportunities. In part,

they arise from financial and credibility needs. In many cases, independent producers must seek outside funding from banks, studios, distributors, and sponsors to support rising production and marketing costs. This is not to predict a large-scale decimation of independent producers. Nevertheless, they could become increasingly dependent on the huge conglomerates for shelter, facilities, credibility, and funding, while such conglomerates might tend to back most heavily those projects that stand a chance of being lucrative across multiple markets. Thus, without expelling all creative-minded independents, the emergent system could channel their opportunities and pitches into certain already dominant directions rather than more innovative ones.

7. *An erosion of programming standards.* We are not referring here simply to a shift of standards, with a new set replacing the old, though this may also be involved. Rather there seems to be a disintegration of the notion of standards, leaving the impression that anything is permissible, and weakening respect for the boundaries within which the chase for audiences should normally be contained.

Many straws in the standards-slipping wind can be noted in American television today:

- The sharply reduced role of the networks' Standards and Practices Divisions.

- An increasing emphasis on "bite-sized" television.

- Tolerance of increased amounts of advertising and of "programs" in which the commercial element is masked.

- The striking explosion of the "reality" genre of programming, giving center stage to an ability to shock, scandal, prurience, titillation, and combative confrontation, initially in syndication and from thence into the network schedules. (Its roots in intensified multi-channel competition are illustrated by Brandon Tartikoff's revealing justification for screening Geraldo Rivera's

Devil Worship: "A network cannot hew to higher standards if its competitors all around adopt lower ones. It becomes a grayer issue when it's all around you, and you're the last person saying, 'Wait a minute'.")

- Development of a philosophy of programming for the "video generation" among certain more recently arrived producers to the effect that television should never be *didactic* ("We're not teaching or trying to teach them something; make no mistake about that"); or *rationalistic* ("Morton Downey does what ... works best on TV—emotion and passion"); or *open to complexity* ("Subtlety is on the way out for television"); or *sensitive to privacy concerns* ("An advantage of television is that you get a sense that you are a voyeur").

The fact that many people watch various specimens of "tabloid television" cannot be the last word on this trend. For it *is* a cause for concern that such programs often legitimize aggressive emotionalism and endorse voyeuristic instincts; convert real problems and issues into meat for titillation; diminish respect for attempts at careful, balanced, and extended reasoning; and put pressure on other public affairs programs to take on such qualities so as not to seem fuddy-duddy by comparison. They thus have the potential for setting *sub*-standards for the rest of American television.

8. *A weakening of national television as a force for societal integration*. This is due to the continuing decline of the three major networks, whose former eminence is unlikely to be restored, or attained by any of their principal contenders in the now crowded marketplace. Thus, although the center of gravity of American television is weakening, no alternative center is in sight.

It is not easy to be certain whether we should care about the fate of the networks, but several reasons for regarding their plight as a cause for concern can be advanced:

- Support for localism (a long-standing broadcasting policy goal) through affiliate links.

- Some commitment to program range (e.g., public affairs as well as entertainment—conspicuously lacking in the plans of rivals Fox and TNT).

- A commitment to program quality, to the degree that large budgets contribute to this.

- Availability of nationwide outlets for political leadership and discussion.

- Provision through numerous fictional series of opportunities for audiences to muse and exchange views upon some of the personal, social, emotional, and cultural problems of our time.

- A source of social integration ("the hearth around which America gathers" in times of national turmoil, international crises, great instability, and great celebration, as ABC executive Roone Arledge recently put it).

- The continuing dependence of the *other* markets (cable, syndication) on network series, discards, and re-runs for significant portions of their own scheduling.

9. *A risk that the many channels of access to the viewing public will be controlled by a small number of strategically placed and minimally accountable gatekeepers.* Currently, the focus of such concern is the large multi-system cable operators, with their remarkable and unprecedented communication power. Despite a lack of systematic documentation of substantial abuses of their power, they have no responsibility to anybody for how they open or shut the gates of access to their systems. They have made substantial investments in many of the program services, including equity in seven of the nine pay cable networks and twenty of the national basic networks. Even if access is not denied, they can preferentially position, price, and promote those services in which they have an interest. Their likely dispositions to grant such access have been influential in the formation of new services. Consequently, it is difficult to imagine how any

major initiative in the cable field could succeed against their concerted opposition. In the absence of common carrier assurances, reason for such concern may even be greater in the future, should one wire, however owned and installed, eventually carry all main communications services—voice, video, information, and interactive facilities—into the home.

None of the foregoing is meant to convey a pointless regret over the passing of the era of television scarcity, when the three all-powerful networks scheduled an incredibly narrow range of programming and held the whip hand over all their significant clients—advertisers, the local station affiliates, and Hollywood producers. Compared with that period, multi-channel television, particularly during its early phases of growth, has bred new services, new revenue streams, new programming approaches, more differentiated scheduling, new types of audiences, and more numerous power centers. Nevertheless, the present television system may be likened to an elaborate rocket, which has reached the apogee of its exploratory trajectory without escaping the earth's gravitational field, and which is now being pulled back toward mediocrity, conformism, and concentrations of power. Policymakers cannot afford to ignore such restorative and taming influences.

THE ROLE OF PUBLIC POLICY

What is the role of public policy in an electronic media marketplace that is being shaped by both encouraging and disturbing trends? To reach a satisfactory answer, it is necessary to grasp four fundamental points.

First, the more troubling developments cannot simply be condoned on the often-voiced ground that, "Television is a business," like any other. Television *is* a business, but it is one (a) with wide-ranging societal consequences, (b) that enjoys constitutional protection (in the form of First Amendment privileges), and (c) whose providers' opportunities to earn profits stem from licenses and franchises to use public resources.

Second, the assumption that the free marketplace can meet almost all significant programming needs requires heavy qualification. There are many needs that it cannot meet or will not meet well because the market privileges:

- Citizens with higher incomes—and the interests for which they are most prepared to pay.
- Large resource providers—such as advertisers.
- Large audience pullers—as in the incentive to score "hits."
- What is most likely to be acceptable in multiple markets—the common denominator in new form.
- What has most immediate and arresting appeal.
- What large conglomerates and middlemen of all kinds (syndicators, talent agencies, "rep" firms) expect to be most profitable.

In such a marketplace, suppliers who are disinclined to follow these imperatives court the triple risk of: having to make do with skimpy resources; being assigned to lower rungs on the industry's ladders of reputation and prestige; and being sucked back into the dominant system at some cost to creative integrity.

A third key to relevant policy thinking is to grasp how the modern video marketplace straddles numerous tensions: between massification and targeting; catering to heterogeneous and homogeneous audiences; providing the least unacceptable and the most attractively involving programs; encouraging routine/formulaic and creative/challenging approaches to production. At one and the same time, the new television marketplace opens up more places to which those program makers who are committed to the latter qualities in the tensions listed above can take their wares *and* generates pressures to shunt them back onto the more mainstream paths. Effective policy should therefore be concerned with these tensions, helping to keep open as many of the diversifying and

innovative doors as possible and devising measures to keep the conformist pressures in check. Of course, those who wish to develop the potential of multi-channel television for diversity, creativity, and meaningful communication more fully do not lack cards to play, but we should ensure that the deck as a whole is not too heavily stacked against them.

Fourth, the goals of public policy for television stand in urgent need of a comprehensive restatement in terms suited to modern conditions. To stand pat only on increased competition and further deregulation is to elevate means to ends and to risk letting the more disturbing marketplace trends get out of hand. To stand pat on traditional notions of "the public interest" risks reliance on a tired and empty-seeming phrase.

The Goals of Public Policy for Television

In that spirit, such a restatement of goals might include and build on the following principles. (To further clarify their policy implications, examples of constructive applications are provided where appropriate.)

1. *Universality of provision.* It is a first principle that citizen-viewers should not be deprived of an essential service due to their location or their inability to pay a premium for a public good. To be effectively human—to know the world, its opportunities and problems; to engage with what others find meaningful; and often to converse with one's fellows—one must be hooked up to society's dominant communication system. With the aging profile of Western populations, it is important to bear in mind the low disposable income among certain portions of the elderly, for many of whom television is the only regular leisure and cultural activity. With the advance of the information age, it is also important to ensure that rural dwellers are not left behind. This principle, long a goal of telephone industry regulation, may become quite actively relevant to mass media policy should terrestrial broadcasting be challenged or displaced by non-universal delivery systems directly funded by viewer payments.

2. *Meaningful choice.* This is not just a matter of abundance, 30 or more buttons to push and the chance to stroll through a television bazaar of many stall holders, all noisily hawking their wares. In an increasingly complex world of communication overload, at a time when many of the traditional sources of social coherence and direction are collapsing (political parties, churches, neighborhood bonds, etc.), effective choice necessitates an ability to think critically and to shape available offerings into a structure of alternatives that can give satisfaction and insight. From this standpoint, marketplace pressures against serious public affairs journalism, educative children's programming, and the maintenance of responsible standards all round are particularly worrying.

3. *The plurality and diversity of programming.* This goal is central in three senses. In political terms, it is indispensable to the vigor and renewal of a free marketplace of ideas. In Meiklejohn's classic formulation:

> ... the citizens of the United States will be fit to govern themselves under their own institutions only if they have faced squarely and fearlessly everything that can be said in favor of those institutions, everything that can be said against them.

In cultural terms, it speaks to the communication needs of a pluralistic society, no significant portion of which should be systematically excluded or misrepresented. In economic terms, it underscores the need to ensure that market *forces* do not diminish market *choices*. As the British Peacock Committee on Financing the BBC (1986) pointed out:

> There is a bad tradition in analytical economics of presenting the model of "consumer sovereignty" as if consumers had only known and static wants. This ignores the important feature of the competitive market as a "discovery" mechanism for finding out by trial and error what the consumer might be enticed to accept ... and for trying out new and challenging ideas.

The adequacy of provision must therefore be continually monitored and assessed from this standpoint and steps taken to encourage neglected forms of programming.

4. *Full and fair access to the national communication system.* Those with claims to be able to offer something of value to a significant body of viewers should not be arbitrarily denied their chance to provide it. Procedures for granting access should be principled, fair, openly known, and applicable to all. Possible threats to this principle include the access power of cable system operators and the marketplace pressures fostering large organizations and vertical integration, which could eventually result in domination by a small number of conglomerates able to ride roughshod over others, deny access for self-interested reasons, and put the squeeze on independent producers. Ways of monitoring and, if necessary, regulating such inter-organizational power in television markets are needed, together with support for public broadcasting institutions committed to ample opportunities for access through their own channels.

5. *Nurturance of impulses of producer creativity, originality, innovation, and desire to provide materials worthy of viewers' involvement, reflection, and use in the circumstances of their lives.* We have noted how such qualities are liable to be ground down by many forces in a fully commercial television system. This accords with academic research findings that depict the production process as a negotiated struggle between different elements over what will get on the air. Regarded in this light, what deregulation directly unleashes in the first instance is the drive for profitability, the impact of which may then be to press creative efforts into relatively narrow molds. If a well-run television system should enable the program maker to provide what is "in him to give," then a suitable policy framework would aim to sustain his or her ability to work for creative standards in the face of many other encroaching and undermining forces and demands.

6. *The independence and responsibility for content of program sources.* Heretofore, this goal has been conceived largely in terms of First Amendment protections from government interference in programming. Such autonomy is still essential, but should be

supplemented by machinery to insulate program makers and viewers from the vested interests of advertisers as well. In a fully commercialized television system, advertisers are increasingly treated as if they have "rights." They seek increasing amounts of time for their commercials, strive for congenial programming environments, and deliberately fashion messages that are unobtrusive and difficult to avoid. Policy that serves the audience rather than the advertiser should be designed to control and curb such excesses.

7. *Support for commitments to communication purposes and standards beyond financial gain.* This goal is important for two reasons. First, communication itself is not only a product that may please or displease, but also a mental and spiritual transaction about meanings and relationships. This explains why we expect media of societal communication to: hold leaders in public life to account for the consequences of their policies and decisions; maintain cultural integrity, helping society in all its parts to bind, re-connect, and commune with itself amidst all the fragmenting distractions; and deepen the expression of experience about the human and social condition. Second, concern for such purposes and standards can still be found among many responsible journalists, creative program makers, station managers wanting to meet the needs of their communities, and policymakers in Congress and federal agencies. If these were encouraged to fade away as if irrelevant to the provision of television, something precious would undoubtedly be lost. A danger of doctrine-driven, full-scale deregulation is that it weakens to vanishing point the possibilities of large-scale television providers taking their broader responsibilities and commitments seriously into account. This suggests that: licensing and franchising criteria should not be exclusively financial; renewal procedures should not be perfunctory; there is still much point in anti-trafficking rules; and anti-trust barriers to industry self-regulation, standard-setting, and standard maintenance should be removed.

8. *Respect for the audience member.* A person is "respected" when treated as an end in himself or herself rather than as a mere means to the ends of others. Regarded in this light, the attitude of fully commercial television to its audience has a Jekyll-and-Hyde character. On the one hand, it treats the audience as king, able to settle the

fate of numerous programs by how it distributes its viewing favors. On the other hand, it treats the audience as peasant, often approaching it through drastically over-simplified, even contemptuous stereotypes: as numbers not subjects; as pocketbooks without brains; as lambs for delivery to the advertiser. A policy implication is to seek ways of (a) increasing audience control and (b) amplifying the voice of the audience in the system. In line with the former, methods of financing television by direct viewer payments might be encouraged. In line with the latter, audience reactions to programs should be measured not only by numerical ratings but also by qualitative indices of satisfaction and enjoyment. There is no reason why this should not be undertaken as a noncommercial service by a public body, financed through taxation and/or industry support.

A Policy Framework

How might policy be designed to promote these goals? Space does not permit discussion of specific measures in detail, though in the preceding pages many possible policy directions have been mentioned. Instead, this paper concludes by outlining a broad policy rationale that flows from the foregoing analysis of the new television marketplace. It rests on eight considerations.

First, in a multi-channel television system, policy agencies are not necessarily required to exercise a close and detailed regulation from the center. Instead the role of such agencies should largely be conceived in such terms as:

- Creating, tending, and adjusting structural frameworks for the industry, in which decisions in the public interest would be less irrational.

- Providing "backstops" of regulatory measures when the market fails.

- Channeling public funds toward vulnerable and neglected programming needs, services, sources, and other activities.

- Monitoring trends related to the policy goals so that appropriate action can be promptly considered and taken when necessary.

Second, channel expansion has not eliminated the need for public decisions on who should be allowed to use spectrum and install wires in streets, on poles, and in homes. Thus, license and franchise holders necessarily enjoy publicly conferred and often highly lucrative privileges, in return for which it is proper to expect a substantial public benefit in the form of contributions to society's communication goals. Such benefits may be realized through:

- The organization's own performance.

- Financial contributions in the form of special payments, levies, or taxes.

- Conformity to legal and regulatory obligations.

Third, the time is approaching to make a fundamental decision about the place of the three commercial networks in the American multi-channel television system. A number of reasons for caring about their fate have been outlined above. Meanwhile, inaction is encouraging the networks to develop other interests (for example, in cable) and to question their affiliate alignments. Of course, policy can play only a limited part here, since it cannot shore up the appeal of network programs against rival alternatives or guarantee some particular level of audience aggregation. What policy can do, however, is remove restrictions that apply uniquely to the prime sources of such aggregation, an approach for which the FCC has recently shown sympathy in safeguarding the networks' interests over such matters as high-definition television and their rights to represent affiliates in the spot advertising market. Another step down the same road would rescind or relax the Financial Interest and Syndication Rules that have limited the amount of programming that the networks may produce for themselves and have deprived them of ancillary market revenues from repeat showings of programs they have commissioned. But such a step would have

transforming consequences—on the networks' revenue prospects and on their power relations with the production community. If it is taken, there should therefore be a *quid pro quo* of a renewed obligation on their part to public policy objectives, not a yet further and faster drift toward the status of mere marketplace competitors.

Fourth, it is also timely to think more fundamentally about the status of cable television in the emerging electronic media system. Attempts to reduce the cable operators' excessive market power by the introduction of more competition could be ineffective, even counter-productive. There is no guarantee that competitive cable would long endure in many localities. More seriously, competitive pressures could weaken those elements of cross-subsidization which until now have supported valuable services like C-SPAN. Instead, an attempt should be made to work out a new national policy framework for cable television, to be applied either through an industry concordat or by legislation. This could look to such objectives as:

- Universal provision of at least a basic service at minimal rates.

- Guaranteed access on preferential terms for worthwhile but market-vulnerable services, such as: public television; local television; public access channels; other non-entertainment services in line with policy goals.

- The eventual institution of a common carrier status for wire providers, separating conduits from content.

Fifth, resource imbalances across different forms of programming should be redressed through public subsidies. Since the status and security of access to profitable earnings of both broadcast network and cable providers will be enhanced if the foregoing suggestions are adopted, it is reasonable to exact funds for such subsidies (following a *quid pro quo* logic) through spectrum fees, license auctions, levies on sales of stations and cable systems, or taxation of advertising income (this last measure would have the incidental benefit of relatively favoring other financial sources, such as direct viewer payments).

Sixth, the scale and use of such funds should be designed to make a significant difference to programming and the overall direction of American television. This suggests that the subsidy should be:

- Ample and assured, avoiding creation of a resource-stunted and therefore decidedly inferior public service.

- Devoted more to support for programming than to maintenance of distribution systems.

- Concentrated on a public-spirited program distribution structure that is principled; imaginative and flexible; in touch with as wide a circle of creative and innovative producers as possible; and concerned to broaden popular exposure to and appreciation of programming with creative and social values.

Seventh, it follows that the nettle of public television inertia and inefficient dispersal of resources must be grasped. As presently constituted, it does not match up to all the desiderata specified above.

Signs that all is not well with public television include: temptations to compete for audiences on the marketplace's commercial terms; the stranglehold on schedules and resources of large stations and unvarying series formats, limiting opportunities for innovation; low proportions of expenditure on programming as distinct from local station infrastructures; increasing dependence on corporate underwriting finance, tilting provision toward what sponsors find acceptable; and lack of a sympathetic and mutually beneficial relationship with independent producers.

On the other hand, it would be a pity to lose all the undoubted strengths and assets of the public television system, such as:

- Splendid program traditions—in news, children's programming, science, history, and the arts.

- A focus for energizing and tapping viewers' loyalties.

- Occasional reach to a sizeable proportion of the viewing public.

- Provision of a center of dedicated, noncommercial motivation and potentially coherent policymaking.

Nevertheless, some reconstruction of public television is needed if an enlarged subsidy is to be optimally utilized. If such a reform cannot be achieved, then more of the subsidy might be channeled to something like an endowment or a public video publishing agency, open to applications from producers with program ideas to which the commercial marketplace is unlikely to extend a generous hospitality.

Finally, there is a continuing need for a federal agency to frame, apply, enforce, and monitor electronic media policy, enabling competition to take place within a framework that protects and promotes public goals. The authority of the FCC should not be run down or phased out, although its responsibilities might be redefined and appointment of its members more strictly insulated from partisan pressures. Its tasks would be multiple and complex, needing support from a strong information and research capability. It should aim to ensure that the obligations it imposes on the main television providers operating in different arenas, while not identical, would so far as possible be equivalent in weight of burdens. Its main tasks might include the following:

- Station licensing and renewal, taking account of holders' conformity to public policy goals.

- Oversight of the national cable television framework, including rules of access, preferential terms for certain services, and adjudication of alleged infringements.

- Defining and enforcing certain consumer protection rules

applicable to all providers or to all providers within relevant service categories, such as controls on advertising and Fairness Doctrine requirements (particularly the obligation to cover issues of current controversy).

- Monitoring program diversity in the television system as a whole—taking account, in the case of program forms that may be neglected, of the resources available to them, the outlets in which they typically appear, and the days of the week and times of the day when they are scheduled, so as to be able to recommend or take appropriate steps for their enhanced provision.

- Periodically evaluating the scale of the public broadcasting subsidy and recommending changes as appropriate to Congress.

- Monitoring organizational power distributions, including processes of horizontal and vertical integration, mergers and conglomerization, and conveying findings and making recommendations for action to the Antitrust Division of the Department of Justice.

- Consulting with the Department of Justice over possible antitrust exemptions for television providers who are prepared to adopt self-regulatory codes and standards in the public interest.

- Introducing or encouraging new services, such as different ways of gauging audience satisfaction.

FROM THE OLD TO THE NEW TELEVISION MARKETPLACE

Although the American television system is in turbulent transition and has by no means attained a new equilibrium or settled state, recent experience supports three broad conclusions:

1. The need for principled public policy does not disappear, but its role changes.

2. Given all that is at stake and the commercial imperatives that have been unleashed, it would be folly to hand the country's communications future completely over to whatever emerges supreme and whoever emerges triumphant in the marketplace.

3. There are great and exciting possibilities for technological abundance and variety, imaginative creativity, extended diversity and access, and service to a multitude of special interest audiences, that an unfettered marketplace is most unlikely to realize.

In short, with the expansion of multi-channel television, there is a policy sea-change to navigate: from managing and regulating scarcity to protecting and promoting potential.

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